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Insurance framework ready next year



Mohamad Abdullah

KUALA LUMPUR: Insurance and takaful brokers will have a self-regulatory framework ready by end-September next year that will enable them to have more freedom to operate and oversee members of the industry.

Malaysian Insurance and Takaful Brokers Association (MITBA) chairman Mohamad Abdullah said a taskforce was set up last year to work with Bank Negara to come up with the parameters of the framework.

"Its still at the preliminary stage. We can't say much except that Bank Negara will take care of the licensing of the brokers while MITBA will have oversight of the brokers in terms of enforcement of regulations, educating its members and acting on complaints from the public," he told reporters at the launch of MITBA yesterday.

The event was attended by Bank Negara consumer and market conduct director Koid Swee Lian.

Mohamad said a conference was

held last year where counterparts from Hong Kong were invited to give advice on how the framework could be set up.

"We're currently looking for a chief executive officer to head the association because this is part of our plans to have MITBA become a self-regulatory organisation," he said, adding that the person chosen would have to push forward the association's agenda.

Mohamad said there was room for growth because brokers' market share currently stood at 36.9% of the total non-life and non-motor general premium of RM5.65bil.

He added that takaful was still in the early stages of growth and would become a major force in two to three years.

According to Mohamad, takaful is expected to constitute 20%, or US\$1.85bil, of the total insurance market in Malaysia by 2010, while global takaful premiums are expected to reach US\$7.4bil in 2015.